

Title: Implementing Lord Young's Recommendation to Amend RIDDOR Regulation 3(2) Lead department or agency: Health and Safety Executive Other departments or agencies: N/A	Impact Assessment (IA)
	IA No:
	Date: 25/05/2011
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: Ron.Griffiths@hse.gsi.gov.uk; 0151 951 3599

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary? To improve the operation of the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) in line with the recommendation made by Lord Young in his report "Common Sense, Common Safety".	
What are the policy objectives and the intended effects? To improve the effectiveness of the reporting of workplace accidents by reducing unnecessary burdens on business while still maintaining standards of compliance which should help to contribute towards the overall effectiveness of Great Britain's occupational health and safety system. To meet the Government's commitment to implement the Common Sense, Common Safety recommendation to amend regulation 3(2) of RIDDOR, increasing the period after which the responsible person must report injuries that incapacitate their workers from over three, to over seven days	
What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) This proposal amends existing secondary legislation through amending regulations. These regulations reduce the overall legislative burden. Other (including non-legislative) options for a formal reporting system have been considered by Lord Young before making his recommendation. However, the Framework Directive (89/391 EC) requires member states to implement laws requiring employers to record over-three day injuries and report injuries to the national authority. In addition, the Eurostat Framework Regulation (1338/2008) requires member states to provide the European Commission with data on lost time occupational accidents. RIDDOR requires duty holders to alert enforcing authorities of incidents that may have resulted from the duty holder breaching the law. Compulsion through legislation to do this is therefore judged necessary.	
Will the policy be reviewed? It will be reviewed. If applicable, set review date: 10/2013 What is the basis for this review? Please select. If applicable, set sunset clause date: Month/Year	
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

Ministerial Sign-off For final proposal stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis and Evidence

Policy Option 1

Description:

Price Base Year N/a	PV Base Year N/a	Time Period Years N/a	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: NIL

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	NIL	NIL	NIL

Description and scale of key monetised costs by 'main affected groups'

This option continues with the status quo and therefore has no costs

Other key non-monetised costs by 'main affected groups'

There is a risk that HSE may suffer reputational damage as a result of failing to implement one of the recommendations from the Young Report

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	NIL	NIL	NIL

Description and scale of key monetised benefits by 'main affected groups'

This option continues with the status quo and therefore has no benefits

Other key non-monetised benefits by 'main affected groups'

N/a

Key assumptions/sensitivities/risks

N/a

Discount rate (%)

N/a

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: NIL	Benefits: NIL	Net: NIL	No	IN/OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	Great Britain				
From what date will the policy be implemented?	N/a				
Which organisation(s) will enforce the policy?	N/a				
What is the annual change in enforcement cost (£m)?	N/a				
Does enforcement comply with Hampton principles?	N/a				
Does implementation go beyond minimum EU requirements?	N/a				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/a		Non-traded: N/a		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/a		Benefits: N/a		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro N/a	< 20 N/a	Small N/a	Medium N/a	Large N/a
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	No	N/a
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	N/a
Small firms Small Firms Impact Test guidance	No	N/a
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	N/a
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	N/a
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	N/a
Human rights Human Rights Impact Test guidance	No	N/a
Justice system Justice Impact Test guidance	No	N/a
Rural proofing Rural Proofing Impact Test guidance	No	N/a
Sustainable development Sustainable Development Impact Test guidance	No	N/a

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 2

Description:

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £4.1

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	£0.32	£0.004	£0.34

Description and scale of key monetised costs by 'main affected groups'

There would be a one-off familiarisation cost for business of £280 thousand. The main costs to HSE would arise from continuing to provide Eurostat with data in the format required (£18 thousand in the first year, with annual recurring costs of £4 thousand), and from adapting past data to enable comparison (£9 thousand in the first year).

Other key non-monetised costs by 'main affected groups'

There would be a cost from a reduced number of reports being submitted, both in terms of being able to target HSE and LA inspections and analyse data at the most detailed level.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	Nil	£0.56	£4.5

Description and scale of key monetised benefits by 'main affected groups'

There would be a cost saving to business resulting from less time spent reporting RIDDOR injuries of £220 thousand per year. There would be cost savings to both HSE and LAs from reduced resource processing RIDDOR reports of £350 thousand a year. Finally, there would be a cost saving to HSE from reduced charges of gathering reports of £120 thousand a year.

Other key non-monetised benefits by 'main affected groups'

There are no non-monetised benefits.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

There is a possibility that there will be a number of unnecessary reports made as firms adjust to the new regulations, and that compliance levels may increase. This would reduce the scope of the cost savings presented. There is also a legal risk that the change in reporting requirements may contravene EU law, although legal advice presented to HSE deems this risk to be low.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: £0.03	Benefits: £0.26	Net: £0.23	Yes	OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	Great Britain				
From what date will the policy be implemented?	01/10/2011				
Which organisation(s) will enforce the policy?	HSE				
What is the annual change in enforcement cost (£m)?	NIL				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: NIL		Non-traded: NIL		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: NIL		Benefits: NIL		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro 0	< 20 0	Small 0	Medium 0	Large 0
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	No	13
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	13
Small firms Small Firms Impact Test guidance	Yes	14
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	14
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	14
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	14
Human rights Human Rights Impact Test guidance	No	14
Justice system Justice Impact Test guidance	No	14
Rural proofing Rural Proofing Impact Test guidance	No	14
Sustainable development Sustainable Development Impact Test guidance	No	14

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
1	
2	
3	
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	£0.32	NIL								
Annual recurring cost	NIL	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004
Total annual costs	£0.32	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004	£0.004
Transition benefits	NIL									
Annual recurring benefits	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56
Total annual benefits	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56	£0.56

* For non-monetised benefits please see summary pages and main evidence base section



Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

1. In 2010, Lord Young of Graffham was requested to review the health and safety system in the UK. In his list of recommendations, Lord Young stated that he wished to see HSE “amend the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995, through which businesses record workplace accidents and send returns to a centralised body, by extending to seven days the period before an injury or accident needs to be reported.”¹
2. The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) place a legal duty on the ‘responsible person’ as defined in regulation 2(1) of RIDDOR 1995 (this is usually the employer, but could also be a manager, operator, owner or an appointed person). The most commonly reported incidents are fatal, major and over three day injuries (where an accident results in a person either requiring more than three days off work or being unable to perform their normal duties for that length of time). Also reportable are certain dangerous occurrences (such as lifting equipment overturning) and cases of work related diseases (for example work-related dermatitis or mesothelioma).
3. Reports are made to the Incident Contact Centre (ICC), which collects the reports and places all relevant ones onto a database which is accessible by HSE. HSE staff then access this database in order to use the data collected for either targeting inspections or formulating policy, as well as publishing statistics.
4. This impact assessment investigates the costs and benefits resulting from the change proposed in Lord Young’s report.

Assumptions

5. The calculation of when a RIDDOR report is required does not include the day of the accident itself. This means that if a person is injured on the first day of the month, they would report to RIDDOR after being off work on the fourth day of the month (under the current system). This means that an over 3 day (O3D) injury is reportable when someone returns to work on or after the 5th day after the accident occurred. The definition of an over 7 day (O7D) injury would work in the same manner.
6. All costs and benefits are calculated for Great Britain. Northern Ireland has its own accident-reporting system and would not be affected by the proposed changes to RIDDOR.
7. The calculations presented in this document are based on a ten-year appraisal period. Future costs are discounted at a rate of 3.5%² and both costs and benefits are presented as a net present value.
8. Where a calculation of the cost of time is presented, it is the opportunity cost of that time we are accounting for. This means that when, for example, we calculate the cost of submitting a RIDDOR report; we assume that were the report not submitted, the person would be able to spend the time engaged in a productive business activity. We assume that the value of that employee’s work to the company is the employee’s salary, uprated to reflect non-wage costs, and thus use that to calculate the opportunity cost of their time.
9. The table presented below shows the number of injuries reported under the Labour Force Survey (LFS) over the period 2007/08 – 2009/10. This figure is then broken down into total reportable injuries (i.e. O3D injuries), as well as the number of injuries that

¹ Source: Common Sense, Common Safety; page 16; http://www.number10.gov.uk/wp-content/uploads/402906_CommonSense_acc.pdf

² Following HM Treasury’s Green book guidance; http://www.hm-treasury.gov.uk/d/green_book_complete.pdf page 26

would be reported were the change to O7Ds analysed in this impact assessment implemented.

Workplace Injury Estimates	Estimated Incidence
All Workplace Injury	756,905
Currently Reportable Workplace Injury	259,317
Over 7 Day Workplace Injury	185,909

10. These are the injuries that should have been reported under RIDDOR. There is a degree of underreporting by businesses, so the actual number of RIDDOR O3D reports received is lower. For 2009-10 there were **96 thousand O3D RIDDOR reports**³.
11. It should also be noted that the numbers in the table above also include major injuries where the person returned to work in the period defined. We assume, however, that the proportion of these injuries does not vary for O3D and O7D injuries, and as the figures above will be used merely to calculate percentages (see next paragraph), the presence of major injuries in the data can be ignored.
12. We have used the LFS numbers reported above simply because we would not have been able to estimate the number of over-7-day injuries based on RIDDOR data. These statistics were used to calculate the percentage change in the number of reports that would be submitted to HSE if the changes analysed were implemented.
13. Using the LFS data presented above, we calculated that 71.7% of RIDDOR reports would remain following the change. Applying this figure to the actual number of O3D reports submitted showed that there would be 69 thousand O3D reports remaining following the change, a **decrease in O3D RIDDOR reports of 27 thousand**.
14. HSE will shortly be changing the arrangements for reporting under RIDDOR, with all lost time reports being submitted using an online e-form. It is estimated that for a business to submit a lost time RIDDOR report, it shall take 32 and a half minutes of a managers time. This is based on evidence from HSE experts, and includes 10 minutes to fill in the accident book following the accident, 10 minutes to gather the additional required information and prepare to submit the report, 10 minutes to fill the e-form in and 2 and a half minutes to print the completed form off and file it. Reporting is likely to be completed by a production manager, at a full economic cost of £29.90 per hour⁴ giving a total cost per report of £16.20. Were an accident to occur that did not require reporting, the employer still has a duty under law to record the accident in the accident book, which we have assumed takes 10 minutes to complete, at a cost of £4.99. **For each report not submitted following the proposed change, there would therefore be a cost saving of £11.21.**
15. The cost incurred by HSE from every report submitted is expected to be £0.37, based on estimates calculated by HSE in preparation for the removal of the ICC. **Therefore, we assume there would be a £0.37 saving for each RIDDOR report not submitted.**
16. If there were a reduced number of reports submitted, then HSE and local authorities would expend less resource processing them once they have been received. The cost of dealing with O3D reports within HSE is calculated as £885 thousand million a year. HSE staff deal with 68% of RIDDOR reports⁵, a total of 65 thousand per year. This gives a **processing cost to HSE of £13.53 per report submitted**. There would also be a cost

³ Source: HSE Annual Statistics Release: <http://www.hse.gov.uk/statistics/overall/hssh0910.pdf> (page 9)

⁴ Source: ASHE 2010, SOC 4 digit, average salary for a production manager (code 112) uprated by 30% to reflect non-wage costs

⁵ Source: Data provided by HSE statistics branch

saving to LA inspectors resulting from a reduced number of reports of £290 thousand. This figure assumes that the time taken to process one O3D report is equal between HSE and LAs, and is conducted by a Principal Environmental Health Officer (as the HSE system has a managerial input, we assume that LAs will also). Given the estimated full economic wage of a Principal Environmental Health Officer is £24.32⁶ Given that LAs process 32% of O3D RIDDOR reports a year (39 thousand) there is a **processing cost to LAs of £10.40 per report**.

17. For cost savings resulting from HSE or LA staff spending less time processing O3D reports, we assume that the reduction in reports is spread evenly across the two (that is HSE see 68% of the total reduction and LAs 32%).

Calculation of Costs and Benefits

Costs and Benefits of Option 1: Do Nothing

18. This option continues with the status quo. There are therefore no quantifiable costs or benefits.

19. There is a risk that HSE may suffer reputational damage from a failure to implement a recommendation of the Young Report.

Options 2: Changing Requirement to Over 7 Days

Calculation of Costs

20. Following the change in reporting requirements, employers will still have a legal obligation under article 9c of the Framework Directive (89/391 EC) to record any accident that results in an employee taking more than three days off work. This requirement to record such injuries, even though they are no longer reported, means that the ability of firms to monitor health and safety in their workplaces and implement adequate management systems for dealing with risks shall not be compromised by the proposed change. As a result of this, we do not expect there to be any decrease in health and safety standards within the UK.

21. The proposal is to remove an administrative procedure of reporting certain injuries arising from accidents at work to the enforcing authority.

22. Reporting and recording incidents contributes in two areas:

- Employers' and others' own health and safety management systems: Employers and other dutyholders record incidents to feed into the duty holder's health and safety management system, allowing them to check that the arrangements they have are effective.
- The national health and safety system enforced and promoted by the national and local regulators. Here reports of serious incidents can be used by the enforcing authorities to intervene and enforce standards in-line with national and local enforcement policy statements and incident investigation selection criteria. The information also provides data to enable enforcing authorities to target their activities and to advise employers on strategies to help prevent injuries.

23. In the case of reports used by duty holders to manage their activities. The vast majority of employers make a RIDDOR report infrequently and thus there will be insufficient data

⁶ Source: ASHE 2010, SOC 4 digit, 75th percentile salary of Environmental Health Officers, (to reflect the fact that Principal Environmental Health Officers will have higher than average earnings) uprated by 30% to reflect non-wage costs (code 3568)

to identify trends. An analysis of the RIDDOR database shows that the employers with less than 250 workers will only make one RIDDOR report on average every two years. Only 0.6% of employers employ more than 250. Those employers in the industry with the highest incidence rate of reported injuries (the waste and recycling industry) will still only make three reports every year under the current legislative requirements.

24. The infrequency of the reports means that no reliable picture can be built up by individual businesses and organisations to manage health and safety relying on this data alone. Therefore, additional sources such as the accident book where all injuries must be recorded for social security purposes and internal systems of recording "near miss" incidents must be used supplemented by other guidance and information about health and safety produced by the regulator, professional and trade bodies, trades unions, etc. Consequently, it is unlikely that the reduction in lost time RIDDOR reports shall have an adverse affect on the ability of firms to manage health and safety effectively.
25. Regarding the impact upon the regulator. The proposal will not significantly adversely affect the regulator's ability to spot trends. An analysis carried out by HSE statistician's shows that the over-three day incidents and over-seven day incidents follow the same trends. This analysis was carried out looking at the total data for all industry sectors and then at each of the main employment sectors. In short, HSE statisticians are of the view that had the requirement always been for employers to report O7D injuries and not O3D injuries they would have identified the same trends and advised regulators to target its activities in the same way.
26. Reported injuries, diseases and dangerous occurrences are selected for investigation in-line with HSE's published RIDDOR incident selection criteria (RIDDOR ISC). In 2008/09 around 4272 (3.5 %) of all injuries correctly reported to HSE were investigated – comprising 5.2% of reported major injuries and 0.8% of reported O3Ds being investigated. The criteria require that certain major injuries should automatically be considered for investigation but that other major and O3D injury reports should be checked for indicators of possible serious breaches of health and safety law.
27. The reduction in the number of lost time reports following implementation of this recommendation will not therefore, have a significant impact on HSE's investigation and enforcement work due to the very low level of investigations for O3D injury reports at present.
28. Figures are not available for local authorities' investigation work. Local authorities differ in their approach to selecting RIDDOR reports for investigation ranging from some that as a matter of policy investigate every RIDDOR report they receive, while others have adopted HSE's approach and use RIDDOR incident selection criteria. The consultation exercise revealed only anecdotal evidence through comments made by local authority respondents. Around five commented on their support for the proposal that they were a "risk-based regulator" and so had adopted HSE's incident selection criteria in their approach to investigation work, focusing upon the most significant incidents. Two said that they still attempted to investigate every reported incident.
29. During the consultation the trades unions and some health and safety professionals expressed concern that removal of the requirement to report certain injuries would adversely impact upon businesses' health and safety culture. This was based on the belief that the removal of the possible follow-up visit by an enforcement officer in response to a report would lead to remedial action not being taken by the duty holder. It has not been possible to test this. However, given that HSE publicity says that only 3.5% of incidents reported to it are investigated, it seems unlikely that the threat of a follow-up visit by the regulator would be sustained for any period.

30. The requirement for employers to record O3D injuries will remain under the current proposal. Therefore the removal of the administrative requirement to report injuries that result in an over-three but less than seven days incapacitation is not judged to impact on overall standards of health and safety in workplaces.
31. There would be a familiarisation cost for businesses following the changes to reporting rules. We assume that this takes half an hour for a manager to complete (15 minutes to read the new guidance, and 15 minutes to disseminate it) at a full economic cost of £29.90⁷ per hour. This gives a familiarisation cost per firm of £14.95.
32. We assume that all business sites (defined as a local unit in a VAT and/or PAYE based enterprise) with more than 250 employees will familiarise themselves with the new RIDDOR guidance within the first year of its publication. Not only are these companies more likely to have an accident in any given year (the more employees a company has the more likely an accident will occur) but they are also most likely to keep up-to-date with any changes in their legal requirements as a business. We also assume that any business site with fewer than 100 employees will not familiarise themselves with the updated guidance, as they are not likely to report regularly under RIDDOR.
33. For those business sites with 100 or more employees, but fewer than 250, we assume that only those in sectors (at a 2 digit SIC level) that have a reporting rate of more than 500 per 100,000 employees will familiarise themselves with any new guidance. A business site with 100 employees in a sector with a reporting rate of 500 would expect on average to have one RIDDOR reportable injury every 2 years. Therefore, all business sites that we include would expect to have on average one or more reportable injury every 2 years. We assume that these business sites will therefore spend time familiarising themselves with the updated RIDDOR guidance.
34. Using these criteria we find a total of 18 and a half thousand business sites who would spend time familiarising themselves with any new guidance. This comprises 12 thousand business sites that have more than 250 employees⁸ and 6 and a half thousand business sites with 100-250 employees that are in sectors with a reporting rate in excess of 500 per 100,000 employees⁹. **This gives a total one-off familiarisation cost to business of £280 thousand.**
35. Small businesses (those with less than 100 employees) are not expected to familiarise themselves with the changes to RIDDOR (as mentioned in paragraph 22). This is due to the fact that such businesses will see injuries that are reportable under RIDDOR very infrequently. This does not mean, however, that they will be unable to reap the benefits of the change in reporting requirements. Given that these businesses will not submit RIDDOR reports often, it is unlikely that the responsible person keeps their knowledge of the regulations fully up-to-date. We believe that in such cases, the responsible person would seek out information on RIDDOR reporting requirements every time they *think* they might have to make a report. Following the change, they will discover that they have to report only when the employee has been off work for 7, rather than 3 days. Thus, they do not incur any additional familiarisation cost relative to the baseline, but are able to benefit from the change in regulations.
36. There would also be a one-off cost to HSE from altering RIDDOR guidance (both guidance explicitly about RIDDOR as well as any published documents that mention the

⁷ Source: ASHE 2009 SOC 4 digit, average salary for a production manager (code 112) is uprated by 30% to reflect non-wage costs

⁸ Source: ONS report on UK Business Activity 2010:

http://www.statistics.gov.uk/downloads/theme_commerce/PA1003_2010/ukbusiness2010.pdf pages 27-56

⁹ Source: HSE statistics on RIDDOR reporting rates by sector (RIDNID table from <http://www.hse.gov.uk/statistics/tables/index.htm>) used to find sector reporting rates, then number of firms with 100-250 employees found from ONS report on Business Activity 2010 (http://www.statistics.gov.uk/downloads/theme_commerce/PA1003_2010/ukbusiness2010.pdf pages 27-56)

O3D requirement). It is expected that this would take 3 weeks of a Band 3 administrator's time, at a full economic cost of £294 per day¹⁰. This gives a **one-off cost of updating the guidance of £4 thousand**.

37. There will shortly be a legal requirement to provide data on O3D injuries to Eurostat (the statistical office of the EU). If RIDDOR is amended in line with Lord Young's proposal, some means of generating data for injuries that require between 3 and 6 days off work will be needed to fill the gap. The cheapest option would be for HSE's Statistics Branch to generate a synthetic estimate using LFS data, requiring a certain level of in-house work. In the first year, it would require a quarter of a Band 3 statistician's time as well as a tenth of a Band 2 statistician's time to complete. These have full economic costs of £45 thousand and £65 thousand¹¹ per year respectively, giving a **transitional cost of £20 thousand**. There would then be a recurring annual cost to produce the statistics for Eurostat using the developed methodology. This would require one tenth of a Band 4 statistician's time each year, at a full economic cost of £35 thousand¹² per year. This gives a **recurring annual cost of £4 thousand**. In total, this requirement has a **cost to HSE with a ten year present value of £45 thousand**.
38. There would also be a cost of updating RIDDOR legislation, **estimated at £7 thousand**. This estimate is based on conversations with the Treasury Solicitors.
39. Finally, HSE would incur a cost resulting from inconsistent data between the years prior to the changes, and the years following. This would require a one-off alteration of past data, which would be completed within one year after the changes were implemented. It is estimated that this would require one quarter of a Band 4 statistician's time over a year, **with a full economic cost of £9 thousand**.
40. **Total quantifiable costs would be £320 thousand in the first year, with annual recurring costs of £4 thousand thereafter. The 10-year present value of these costs would be £340 thousand.**
41. **Of these total quantifiable costs, £280 thousand would be to business and would be incurred in the first year only.**
42. There would be negative impacts resulting from a reduction in the quality of the dataset held by HSE if the requirement to report non-major occurrences is changed from 3 to 7 days. Whilst headline figures for reportable injuries under the current O3D system would still be obtainable from the LFS, the ability to "drill down" into the data and perform detailed and complex evaluations would be compromised.
43. There may be also an unquantifiable cost resulting from a reduction in the number of non-major reports submitted to HSE. This could reduce the ability of inspectors (both HSE and LA) to review cases that were not major or fatal injuries and to target their inspections. However, conversations with HSE experts suggest that this cost will be small, as most investigations result from reported fatal and major accidents.
44. There would be a cost to firms who have invested in IT systems to help them conduct RIDDOR reports who would be required to alter their system or purchase an upgrade. Consultation responses only addressed this in a handful of cases, some, raised this as a concern, but offered no estimates others stated that they did not judge this to be a significant cost. It is still therefore, not possible to quantify these costs.

¹⁰ Source: HSE Global Ready Reckoner 2009-2010 (Band 3 Administrator outside of London)

¹¹ Source: HSE Global Ready Reckoner 2009-2010 (Band 3 and Band 2 Statistician outside of London)

¹² Source: HSE Global Ready Reckoner 2009 – 2010 (Band 4 Statistician outside of London)

Calculation of Benefits

45. From our earlier calculations, we know that there shall be a cost saving to business of £11.21 per report submitted and that there shall be 27 thousand fewer RIDDOR reports made each year. However, HSE is in the process of developing a tool that shall allow the automatic transfer of data from reports submitted by email onto the RIDDOR database. For firms that have systems in place that automatically generate RIDDOR reports and email them to HSE, there shall not be any cost saving as their internal processes shall not change. HSE estimates that currently 15% of all RIDDOR reports fall into this category, meaning that there shall be 23 thousand RIDDOR reports that are not automatically submitted. For each of these reports, there shall be a cost saving of £11.21 to business, meaning that this option would have a **cost saving to business of £260 thousand a year, with a 10 year present value of £2.2 million.**
46. There would also be cost savings to HSE and LAs. £10 thousand a year would be saved as a result of a reduction in the number of reports being processed following submission to HSE. HSE would also reduce the number of reports it dealt with by 19 thousand (68% of the 27 thousand submitted), generating a cost saving of £190 thousand a year. LAs would see a reduction in the number of reports they processed of 9 thousand (the remaining 32%) and thus see a cost saving of £90 thousand per year. **This results in annual cost savings to HSE and LAs of £290 thousand, with a 10-year present value of £2.5 million.**
47. Therefore, **total cost savings from this option would be of £560 thousand a year, with a 10-year present value of £4.9 million.**
48. This option has a **10-year present value net benefit of £4.5 million. Equivalent annualised net savings would be £525 thousand.**
49. Considering business alone, there would be a one-off familiarisation cost of £280 thousand (annual equivalent cost is £32 thousand) and benefits from a reduced level of reporting of £2.6 million (annual equivalent cost is £310 thousand). **This gives a net benefit to business of £2.4 million over 10 years, or £270 thousand in equivalent annualised terms.**

Summary of Costs and Benefits (in thousands of £)

	Cost to Business			Cost to Government		
	First Year	Recurring Annual	10 Year NPV	First Year	Recurring Annual	10 Year NPV
Costs						
Familiarisation	£ 280		£ 280			
Changing Legislation				£ 7		£ 7
Changing Guidance				£ 4		£ 4
Gathering Data for Eurostat				£ 18	£ 4	£ 45
Updating HSE Statistics				£ 9		£ 9
TOTAL COST	£ 280		£ 280	£ 38	£ 4	£ 65
Benefits						
Reduced Time Reporting		£ 260	£ 2,200			
Reduced Cost Gathering Reports					£ 10	£ 87
Reduced HSE Resource					£ 170	£ 1,500

Processing Reports						
Reduced LA Resource Processing Reports					£ 80	£ 690
TOTAL BENEFIT		£ 310	£ 1,960		£ 260	£ 2,200
NET BENEFIT			£ 1,960			£ 2,200

Risks

50. EU requirements for reporting to Eurostat state, “Data for accidents at work that occurred during the reference year shall preferably be based on registers and other administrative sources. When this is not feasible, estimation and imputation, even if based on survey and not case-by-case data, may be used to fill gaps in data coverage”. Article 9 of the Framework Directive (89/391 EC) states “The employer shall...(c) keep a list of occupational accidents resulting in a worker being unfit for work for more than three working days; (d) draw up, for the responsible authorities and in accordance with national laws and/or practises, reports on occupational accidents suffered by his workers”.
51. HSE believes that there is a risk resulting from the legal interpretation of these paragraphs and the implementation of the change analysed in this impact assessment may result in a breach of EU law. Specifically, it is unclear whether sub-paragraphs (c) and (d) of the Framework Directive require O3D injuries to be reported, or simply recorded and reporting to occur in line with national practise(i.e. reporting O7D injuries following the change). Legal advice has been sought and HSE has been advised that the risk of legal proceedings being taken against the UK resulting from the change is low. We are therefore satisfied that the risk of incurring further costs resulting from a breach of the law is low.
52. There may also be scope for an increase in compliance. If we assume that the longer a person is off work following an accident the more likely it is that the accident will be reported, then simply the act of not reporting until the 7th day of absence would increase the observed reporting level. There may be a further effect on compliance as when an employee is off work for more than 7 days a fit note is required (which may act as a reminder to employers that a RIDDOR report is also required). This could potentially be prompted, for example, by a reminder on the fit note. We would not expect to see any change in the compliance rates for the two remaining categories; deaths and major injuries.
53. If we did observe an increase in the RIDDOR reporting level, this would reduce the number of reports that were not submitted and likewise reduce the extent of the cost savings presented above. Given we cannot be certain as to the effects that will occur, if indeed there are any, it is not possible to quantify this cost, and the estimates presented above are the most reliable we can produce.
54. There is a risk that the cost savings may not be fully exploited due to erroneous reporting. Currently, a number of RIDDOR injury reports are received that are neither classed as major, fatal or O3D. These reports are submitted by business and recorded by HSE, both at a cost, but are not included in official statistics. Were the requirement to report injuries to change, we would expect some firms to continue reporting injuries that were reportable under the current system but not the proposed new one. Whilst the number of extra erroneous reports would decrease over time, we would not realistically expect it to reach zero. As a result, the cost savings provided in the analysis above are likely to be slight over estimates.

Specific Impact Tests

55. Below is a list of specific impact tests we have considered.

Statutory Equality Duties Impact Test

56. There is no impact on equality resulting from this policy change. Full details provided in the Equalities Impact Assessment later in the consultation document.

Competition Assessment

57. We do not believe that the proposal to change RIDDOR will have any impact on competition.

58. We have considered the four key questions identified by the Office of Fair Trading in its guidance¹³, namely, whether in any affected market the proposals would:

- a. Directly limit the number or range of suppliers
- b. Indirectly limit the number or range of suppliers
- c. Limit the ability of suppliers to compete
- d. Reduce suppliers' incentives to compete vigorously

59. We found that none of these effects would occur as a result of the proposal.

Small Firms Impact Test

60. Based on our assumptions about which firms would engage in familiarisation with the updated guidance, smaller firms will not see any costs as a result of this policy change, whereas they would receive benefits from the reduced burden of RIDDOR reporting.

Greenhouse Gas Emissions

61. There would be no impact on greenhouse gas emissions.

Wider Environmental Impacts

62. There would be no wider environmental impacts as a result of the policy change.

Health and Well Being

63. There would be no impact on the health and well being of those affected by the policy change.

Sustainable Development Impact Test

64. There would be no impact on sustainable development resulting from this policy change.

Human Rights

65. There would be no impact on human rights as a result of this policy change.

Justice Impact Test

66. There would be no impact on the justice system as a result of this policy change.

Rural Proofing

67. There would be no adverse impact on rural areas as a result of this policy change

¹³ http://www.offt.gov.uk/shared_offt/reports/comp_policy/oft876con.pdf

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)];</p> <p>Political commitment to review the working of these administrative regulations [Sun setting clause - LAO still to advise whether this is needed for amending regulations].</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>To ensure that HSE has achieved its objective that all statutory reports and notifications of occupational deaths, injuries, diseases and dangerous occurrences legally required of duty holders are relevant to the operational, intelligence and statistical purposes of enforcing authorities.</p> <p>To ensure that the UK is able to meet international legal obligations to provide statistical data on occupational injuries and ill health to Europe.</p> <p>To confirm whether the objective of reducing administrative burdens on employers and the self-employed through extending the period after which a "lost-time" RIDDOR report must be made has been met.</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>The data collected by HSE itself during the first year of operation will be used to assess whether the agreed aims of the regulations have been fulfilled and whether the assumptions made in this IA have materialised, namely:-</p> <ul style="list-style-type: none">- That the numbers of reports have decreased in-line with predicted estimates to reduce burdens.- That the data collected is relevant in directing operational work, i.e. the reports received alert enforcing authorities to incidents that can be prioritised for investigation.- That the reports collected fulfil the intelligence needs of enforcing authorities to plan interventions and decide future reactive capacity and resource based on enforcing authorities' future, published priorities.- That the UK is still able to effectively analyse data for longer-term planning through the identification of trends in occupational deaths, injuries, ill-health and near misses to decide longer-term strategies and fulfil its international legal obligations to provide data to the European Commission.
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>Through its normal operations, HSE will collect the data required of duty holders for the 2010/2011 period, the last full period in which data under the existing Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) will be collected, as well as investigation and enforcement data from this period.</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>That:-</p> <ul style="list-style-type: none">- The reduction in the number of reports received after the change is in-line with the forecast.- The notifications and reports received correspond to HSE published RIDDOR investigation selection criteria and that reports that would have been received as O3D reports are not transferred into the complaint

investigation system.

- that enforcing authorities are still capable of planning and forecasting future resource needs and priorities without excessive recourse to other means, e.g. surveys and commissioned research.
- That the quality of the data, supplemented from other available sources, required under European legislation is fit for purpose.

Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]

RIDDOR requires the provision of data by duty holders, the notifications and reports received are used to direct enforcing authorities' operational activities, intelligence to inform the planning process and data to make statistical returns to the European Commission which the UK is legally obliged. Annual reviews of operational performance and analysis of statistical data are in place and will be used to indicate the effectiveness of the proposed amendment to the regulations.

Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]

Not applicable